GT GreenbergTraurig

Mitchell F. Brecher
(202) 331-3152
BrecherM@gtlaw.com

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VIA ELECTRONIC FILING

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: WC Docket No. 11-42 - Lifeline and Link Up Reform and Modernization
NOTICE OF EX PARTE PRESENTATION

Dear Ms. Dortch:

This letter is submitted on behalf of TracFone Wireless, Inc. ("TracFone") in response to letters submitted in this proceeding by the Link Up for America Coalition ("Coalition") and by the Competitive Telecommunications Association ("CompTel"), both dated November 22, 2011.

CompTel has asserted that if the Commission were to eliminate or reduce Link Up reimbursement for service activation fees, "low income consumers would be forced to bear 100 percent of the non-reimbursed charges and may well be priced out of the market." (CompTel letter at 2). It then suggests that the Commission develop a "factual record" that would show that unreimbursed non-recurring charges would not serve as a barrier to subscribership by low income consumers. CompTel disregards the incontrovertible fact that such a record already exists. As has been explained in this proceeding, the two largest providers of wireless Lifeline service have enrolled more than five million current Lifeline customers. TracFone has more than 3.8 million Lifeline customers and it has been reported that Assurance Wireless has more than 2 million Lifeline customers. The fact that those two Eligible Telecommunications Carriers have been able to provide Lifeline service to more than 5 million customers without accepting a single dime of Link Up support demonstrates conclusively there is no need for the Universal Service Fund to subsidize wireless carrier activation fees in order to enable low income consumers to obtain Lifeline benefits.

In its November 22 letter, the Coalition persists in promoting the inherently illogical proposition that charges can be "customarily" imposed even if they are not imposed such as through "waiver" or credits. According to the Coalition (letter at p. 4), these are "voluntary extension[s] of greater discounts to Lifeline customers." Nothing in the Commission's rules prohibits any Coalition member or any other ETC from voluntarily extending discounts to their Lifeline customers. That is not the issue. The issue is whether such voluntary discounts should be subsidized by the Universal Service Fund. They should not.

Next, the Coalition purports to take TracFone to task for suggesting that wireless activation fees are not general industry practice. Apparently, the Coalition is referring to the discussion set forth at page 3 of TracFone's November 21 letter. There TracFone stated that in its experience, underlying carriers do not charge their wholesale customers (*i.e.*, mobile virtual network operators ("MVNOs") including TracFone and Coalition members) activation fees. In this regard, TracFone stated as follows: "Never in its history (it commenced service in 1996) has TracFone ever been assessed an activation fee by any underlying carrier. In fact, TracFone has never heard of any underlying carrier ever requiring wholesale customers to pay activation fees." Conspicuously absent from the Coalition's November 22 response is any refutation of that factual statement. If Coalition members are normally charged activation fees by their underlying carriers, they should produce evidence they are charged and that they pay such activation fees. In the absence of such evidence, there is only one explainable conclusion -- that those companies' underlying carriers do not charge them activation fees just as those underlying carriers do not charge TracFone or other MVNOs activation fees.

Finally, the Coalition's filings have contained substantial amounts of rhetoric about anticompetitive conduct, cream skimming, competitive neutrality, etc. The Commission recently addressed the concept of competitive neutrality in its Universal Service/Intercarrier Compensation Reform proceeding (In the Matter of Connect America Fund, *et al*, FCC 11-161, released November 18, 2011). In that report and order, the Commission wisely elected to limit high cost support to those areas of the country that lack unsubsidized competitors (see, *e.g.*, *Report and Order* at ¶ 177). Where there are unsubsidized competitors, there is no need to expend USF resources on subsidies since at least one entity is able to compete without being subsidized. That is what competitive neutrality is about. That same principle of competitive neutrality is applicable in the Lifeline/Link Up context. The fact that there are ETCs who are able to compete in the provision of Lifeline service without receiving Link Up subsidies shows that there is no basis for giving Link Up subsidies to other competitors. TracFone and Assurance Wireless are competing vigorously with Coalition members, with other ETCs, and with each other, in the Lifeline service market segment. The fact that they do so without Link Up subsidies demonstrates that such subsidies are wholly unnecessary in order to compete in that market. To allow certain competitors to continue to receive those subsidies is the antithesis of competitive neutrality.

Pursuant to Section 1.1206(b) of the Commission's rules, this letter is being filed electronically. If there are questions, please communicate directly with undersigned counsel for TracFone.

Sincerely,

Mitchell F. Brecher

cc: Ms. Sharon Gillett
Mr. Trent Harkrader
Ms. Kim Scardino
Ms. Jamie Susskind
Mr. Jonathan Lechter